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SUBJECT: (U) REQUEST FOR EMBASSY LONDON TO DELIVER RESPONSE
FROM SECRETARY CLINTON TO FOREIGN SECRETARY DAVID MILIBAND:
SUPPORT FOR THE PALESTINIAN AUTHORITY

1. This is an action request. Please see paragraph two.

2. Background and Action Request: On November 24, the Secretary sent letters to countries that participate in the Ad Hoc Liaison Committee - the primary coordinating mechanism for foreign donor assistance to the Palestinian Authority (PA) - asking that they take "extraordinary measures" to help the PA meet its end-of-year budget deficit. Foreign Secretary Miliband responded on December 8 by announcing that the United Kingdom will allocate GBP 11.5 million (approximately \$19 million) to the PA this month. If disbursed in this calendar year, the new assistance would bring the UK's total contribution to budget support in 2009 to almost \$48 million. The Department requests that Embassy London deliver Secretary Clinton's response to the Foreign Secretary included in paragraph three. There will be no signed original to follow.

3. Begin text of letter:

Dear Foreign Secretary:

Thank you for your letter dated December 8 informing us that the United Kingdom will allocate an additional GBP 11.5 million in emergency budget support to the Palestinian Authority (PA) this year. Your timely action demonstrates clear support for President Abbas and Prime Minister Fayyad at a critical time in our efforts to relaunch negotiations toward the establishment of a Palestinian state and the end of the Israeli-Palestinian conflict.

I am pleased to announce that on December 14, the United States completed the transfer of an additional \$75 million in budget support to the PA as an advance on our projected contribution of budget support in fiscal year 2010. With the support of Congress, we decided to frontload part of our assistance in response to a direct appeal from Prime Minister Fayyad to help meet his end-of-year budget deficit. We will continue to press other donors to make good on or increase their commitments of budget support to the PA this year, and we appreciate your help in leveraging additional support from European donors.

I welcome your efforts to establish a memorandum of understanding with the PA regarding the UK's 2010 assistance. As you rightly suggest, we must ensure that donor assistance becomes more transparent and consistent so that the PA can escape the near monthly cycle of fiscal crisis and have sufficient liquidity to pursue its institutional and economic development agenda. This has been one of our core messages to donors and should be a priority item on the agenda of the next Ad Hoc Liaison Committee meeting. What we seek with our latest contribution of budget support, and what we will continue to do through all of our assistance efforts, is to ensure that the PA has the tools and the resources necessary to build the institutions of a state that will serve the Palestinian people most effectively.

Thank you again for your leadership,

Sincerely yours,

Hillary Rodham Clinton

End text.

CLINTON